



# 5<sup>th</sup> District LEGISLATIVE REPORT

## What happened in Olympia?



**Representative  
Glenn Anderson**

**OFFICE:**

PO Box 40600  
Olympia, WA 98504-0600  
(360) 786-7876

[Anderson.Glenn@leg.wa.gov](mailto:Anderson.Glenn@leg.wa.gov)

[www.houserepublicans.wa.gov/Anderson](http://www.houserepublicans.wa.gov/Anderson)

**COMMITTEES:**

- Higher Education,  
Ranking Member
- Appropriations Subcommittee on  
Education
- Capital Budget

**TOLL-FREE LEGISLATIVE HOTLINE:**

1-800-562-6000

**HEARING-IMPAIRED HOTLINE:**

1-800-635-9993

*Dear Constituents:*

*The 2010 legislative session was scheduled to end March 11, but a special session was called by the governor to allow more time for majority party legislators to agree on an \$1.6 billion tax increase. The 30-day special session ended April 13.*

*This session was defined by two factors: 1) the state faced an additional \$2.8 billion spending gap, on top of last year's \$9 billion shortfall; and 2) the state treasurer notified the Legislature the state would be "cash broke" by September 2010 if significant action was not taken. Over the past five years, state spending growth has exceeded tax revenue growth by almost double.*

*Currently, an estimated 18 percent of Washingtonians are either unemployed or underemployed. All indications are our economic recovery will be slow and could take as many as 10 years.*

*You would think the Legislature would immediately prioritize and reform spending, and encourage private-sector job creation to improve state revenues without raising taxes. You would be wrong. The same "let's pretend we have money" accounting gimmicks rose to a new level, and new taxes on employers and citizens were enacted, putting more jobs at risk.*

*Perhaps worst of all is the "solution" doesn't fix the state's cash problem nor does it address next year's forecasted spending gap, which is estimated to be \$5 billion. I voted against the budget and tax package because they are wildly out of touch with the economic realities of families, like yours and mine.*

*The probability of state bankruptcy and the associated harsh consequences is the primary issue facing our state. So what do we do? The last section of my report provides a course of action to move our state's economy in a positive direction.*

*I hope this brief update is helpful to you. You can always call or e-mail me with questions and ideas.*

*It's your government. Thank you for allowing me to serve as your state representative.*

*Sincerely,*

Rep. Glenn Anderson

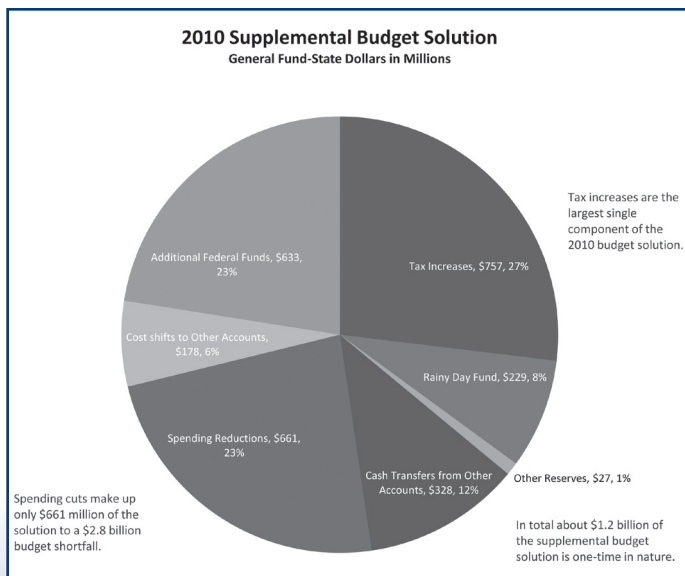
# Representative Glenn Anderson

## Budget and taxes

In January, the state treasurer notified the Legislature that the state would be broke by September of this year if significant action was not taken. Left unaddressed, the state would be required to issue California-style IOUs to pay its bills. This situation was created by the fact that the rate of state spending increases since 2005 has been double the rate of tax revenue growth. The impact of the Great Recession pushed over this unsustainable house of cards. This resulted in a \$2.8 billion additional increase to the state's budget deficit.

The first act of the governing majority party during the session was to repeal the voter-enacted Initiative 960, also known as the "Taxpayer Protection Act," which required a bipartisan supermajority to raise taxes. I voted against the repeal of the Act believing that significant reforms to state spending should be pursued first. Thereafter, over 75 different tax increase proposals, totaling more than \$3 billion, were put forward.

After numerous proposals and vigorous debate, almost no significant reforms were enacted to prioritize state spending. Finally, the spending deficit was filled with \$1.6 billion in new and ongoing taxes, additional federal state-bailout money and transfers of dedicated funds used for school construction and environmental cleanup. Overall, state program spending was reduced less than 1 percent and, when including new taxes state spending, actually increased. Here is a chart that illustrates how the budget was balanced:



Considering the severity of the situation, this session outcome truly defies common sense. The forecasted budget deficit in January 2011 is \$5 to \$8 billion. This situation is rapidly crushing our ability to provide essential government services and invest in a prosperous future.

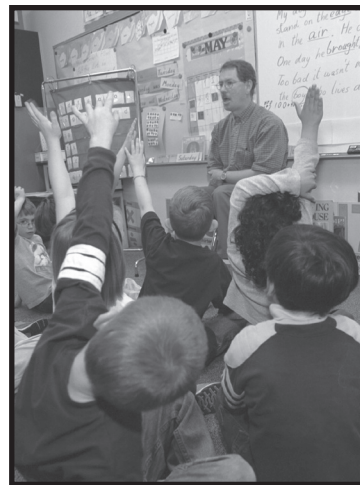
## Public employee pensions



The defining issue for future state budgets is the amount of unfunded pension and health insurance liabilities for public employees. The state actuary calculates the cost to be \$14 to \$18 billion and rising. These are legal obligations that must be paid. This certainty creates a "nightmare" scenario that would result in an almost 60 percent cut to all state government programs, except K-12 education, over

10 years without ANY decrease in the current level of taxes. I co-sponsored HB 2871 to freeze new public employee pension benefits and am investigating all options to effectively restructure existing obligations. I also introduced HB 3011 to require the state auditor to investigate the relationships of Wall Street investment firms with our state pension fund investment board. The Democrat majority did not allow a vote on these bills.

## K-12 education



Our state constitution mandates that K-12 education is the "paramount duty" of the state, or superior to all other government programs. In January, King County Superior Court Judge John Erlich ruled the Legislature was not meeting its constitutional obligation to adequately fund basic education and told legislators to act decisively to determine the cost of providing a basic education, and then fund it. The

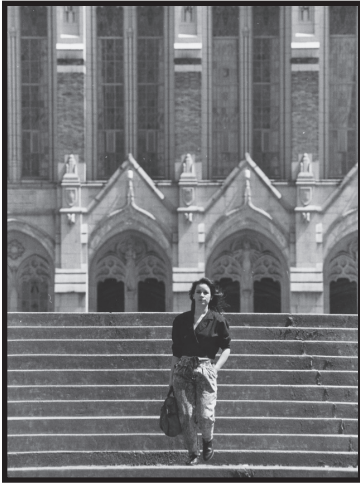
governor has appealed this case to the state Supreme Court. Over the past six years, I have been one of a strong bipartisan group of legislators dedicated to developing an updated and comprehensive K-12 school funding model. Our efforts have been reasonably successful with the passage of landmark education reform legislation HB 2261 and the companion measure, HB 2776. I was an original sponsor of both measures. I have sponsored legislation for several years that would "Fund Education First" in the state budget. This would create a dedicated K-12 budget, funded with the first dollar of state revenue



# 5<sup>th</sup> District Legislative Report

and signed by the governor before any other state programs receive funding. This legislation, validated by the recent court decision, has been rejected by majority Democrats each year.

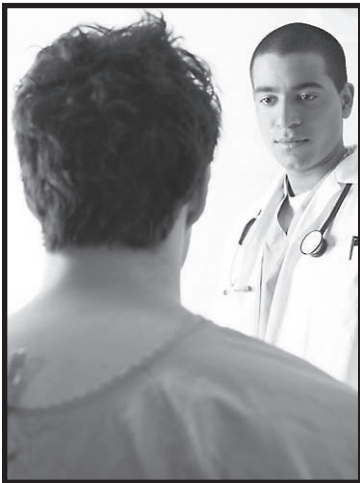
## Higher education



Washington has the second highest tuition in the Western United States. Last year, the Legislature authorized universities to increase tuition up to 14 percent annually along with unlimited authority for student fee increases. This would almost double the cost for a four-year degree. I voted against this increase because no effort was made to reform our universities' cost structures and provide better value to students.

Middle-class young adults attending college are being "priced out" of the education they need to get ahead. I am leading bipartisan efforts to create a comprehensive plan to reform our state university system to assure students get the best possible advanced education at the most reasonable cost.

## Health Care



The passage of the federal Health Care Reform and Accessibility Act is highly controversial. It remains unclear how the provisions of this Act will impact state taxpayers. However, one aspect is clear: United States citizens will be required by law to purchase health care insurance. If you do not, you will be subject to a fine of \$750 to \$1,825 per year.

The main enforcement agency for this legislation will be the

Internal Revenue Service (IRS). If you are out of compliance with the coverage requirements determined by the federal government, the IRS can either reduce your tax refund or increase your tax payment to cover the fine.

## What are the solutions?

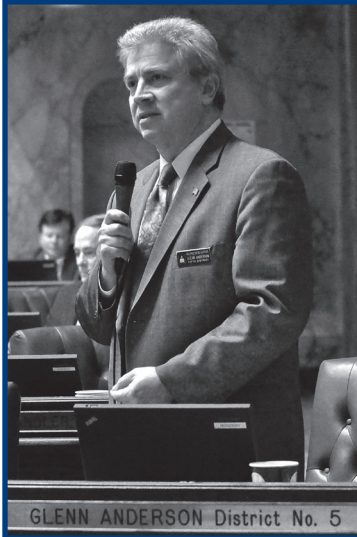
So, what can be done to move forward?

The solution to preventing state bankruptcy and working together to build a secure future is to be very aggressive about creating globally-competitive, family-wage, private-sector jobs. My focus is on the following proven approaches to job retention and creation:



- 1. Budget control:** We are going to have to "bite the bullet" and reduce state spending and not increase taxes until our state is financially solvent. A constitutional limit on tax increases to not exceed 50 percent of the average personal income growth rate of families would be a good start. If you get a pay raise, then you should take home more than the government takes away from you.
- 2. Ports:** We need to merge the ports of Tacoma, Seattle and Everett, cut the duplicate overhead and create a unified Port of Puget Sound out around the world hustling up business to create jobs.
- 3. University research and development:** Our entire university system must work together to discover new technologies and processes that create new business opportunities and jobs.
- 4. Advanced manufacturing:** As a global center of trade and innovation, we need a regulatory climate that encourages manufacturing companies to locate here, which will create jobs. That means reforming state regulations that are conflicting, burdensome and counter-productive.
- 5. Unemployment insurance:** Our state has one of the "richest" unemployment insurance benefit programs in the nation. This makes Washington one of the most expensive places to operate a business. Over the next 10 years, the state should gradually assume 50 percent of the unemployment insurance program costs, which is currently funded by employers. This would give a positive incentive for businesses and state agencies to work together to encourage new, long-term job creation.

# Representative Glenn Anderson



Rep. Glenn Anderson addresses fellow House members as he debates against tax increases this session.

*"The test of a great people is if they can renew themselves in the face of adversity." Unknown*

*"Democratic leaders should be focusing on the repair of this state's private sector. Instead they focus on protecting state employees and beneficiaries."*

*Seattle Times Editorial, Feb. 19, 2010*

5<sup>th</sup> District  
2010  
LEGISLATIVE  
REPORT

State Representative  
Glenn Anderson  
P.O. Box 40600  
Olympia, WA 98504-0600

PRESORTED  
STANDARD  
U. S. POSTAGE PAID  
OLYMPIA, WA  
PERMIT NO 92